

Copy 5 of 25
5 February 1965

**SPECIAL BRIEFING
FOR THE HOUSE APPROPRIATIONS COMMITTEE**

COMMUNIST CHINA

- I. Communist China over the past half year has entered into a new phase in its military development [REDACTED]

25X1

- [REDACTED]
- A. The years from mid-1960 to mid-1964 were years of patching, repairing, or in some cases using up the military technology and hardware which had been obtained from the Soviet Union before the Soviet aid was withdrawn.
- B. Now, however, the Chinese Communists have built and tested an atomic device, launched new submarines, and either have started or are about to begin production of advanced jet fighter aircraft--and as far as we can see they have done this on their own, without renewed help from the Soviet Union.
- C. Accordingly this seems to be the appropriate time for a new survey of China's military and economic posture.

25X1

Approved For Release 2005/03/24 : CIA-RDP82R00025R000400220020-6

Next 7 Page(s) In Document Exempt

Approved For Release 2005/03/24 : CIA-RDP82R00025R000400220020-6

25X1

25X1

3. This shifting of equipment, of course, is only a stopgap for the Chinese. There are signs that they are trying to develop a production capability for either a copy or a modification of the Soviet SA-2 system.

V. The main element of the military forces available to Communist China today is the ground force of about 2.3 million men, accounting for more than 90 percent of the two and a half million men in the armed forces. There are 106 infantry divisions, backed up by armor, artillery, and other service and support units.

A. These forces are concentrated mostly in the northeast, east and southeast coastal areas. Only a few units are deployed inland.

B. The army's strength derives principally from its large size. More than 3 million

TOP SECRET

25X1

25X1

men can be put in the field in a few weeks. Even that number could be substantially augmented over a greater period of time.

1. In fact, the Chinese may be planning to increase their armed forces right now. A recent decree issued in Peiping has extended military tours of duty by one year. The net effect of this decree will probably be to increase the 2.5 million men under arms by a number close to the annual conscription level of 500 to 700 thousand men--and to keep the experienced men in uniform for another year instead of releasing them.

C. The Chinese Communist army is severely limited, however, in firepower and mobility. It is still essentially a sub-standard World War II type of force.

1. It has been China's practice to offset some of these deficiencies by maintaining large numbers of troops.
2. There are serious limiting factors in the logistical field. Peiping cannot produce sufficient quantities of the heavier types of war equipment, particularly armor and heavy artillery.

TOP SECRET

25X1

TOP SECRET

25X1

25X1

VI. Peiping's Soviet-equipped air force has about 1,900 jet fighters and 290 light jet bombers. It is the world's fourth largest, but suffers from attrition and inadequate training activities.

A. Most of the fighters are the older MIG-15 and MIG-17, comparable to the US F-84 and F-86. There are not more than 140--of the somewhat newer MIG-19 models. In addition, the Chinese have about 25 to 35 high performance MIG-21 fighters.

B. The backbone of the bomber force are the 290 IL-28 jet light bombers. The number of these aircraft continues to decline through attrition.

1. None of these bombers has been used operationally outside of China.

C. The air force could commit a substantial number of fighters in defense roles but their capability is poor. The apparent

TOP SECRET

25X1

VII. Peiping's navy is the weakest element of its armed forces, despite the fact that it includes the world's fourth largest submarine fleet.

A. Its major surface components are four obsolete destroyers and four fairly modern destroyer escorts. There are about 30 to 33 submarines, most of them

torpedo attack submarines of the Soviet W-class.

- B. The navy will remain primarily a coastal defense force until it acquires a capability for extended submarine operations-- which it does not have at present.
- C. Three W-class submarines are under construction at Shanghai, and two more inland, at Wu-chang, across the Yangtze River from Hankow. Some of them have been launched and are fitting out.

(PHOTO, G-Class at Dairen)

- D. In addition, we learned from photography of the shipyards at Dairen, shown here, that the Chinese have built a submarine similar to the Soviet G-class, which is capable of launching three 350-mile ballistic missiles from the surface.
 - 1. The submarine at Dairen is apparently still being fitted out, and it will probably be several years before it is completely operational with missiles.

2. Material for this submarine first appeared at Dairen in photography of June, 1962. The boat appears to have been completed in mid-1964, except for fitting out and, presumably, the missile system.
3. The Soviet G-Class submarines are Diesel-powered, and have a patrol capability of a 4,850-mile radius with one day on station. The three missiles are the SS-N-4, with storable liquid fuel, inertial guidance, and a warhead of 2.3 to 3.5 Megatons.

THE CHINESE ECONOMY

VIII. In the economic sphere, Chinese recovery from the economic disasters of 1959 to 1961 remains slow. We believe that China has little chance at present of regaining the economic momentum of the mid-1950's.

A. China's leaders, however, appear to be relieved that they have even pulled through the crisis period. They have been guardedly optimistic since then but they have still been reluctant to undertake new long-range planning.

B. The main obstacle to Communist China's economic growth is the stagnation that affects its agricultural production.

1. Grain output in 1964 was below that of 1957, but in 1964 there were 100 million more people to be fed.
2. Food supplies in 1964 were adequate, but close to the subsistence level. To keep them at that level, China imported six and a half million tons of grain. It cost them \$425 million to do so. This was the largest single

~~SECRET~~

25X1

drain on China's earnings of foreign exchange. (By contrast, imports of machinery and equipment amounted to only \$150 million.)

3. So far, the government's announced priority for agriculture is having little impact. Any effective program for China's agriculture will require a great deal of investment, and substantial technical improvements over a long period.
4. As the population keeps growing, there appears to be virtually no prospect that the per capita agricultural production will improve.

C. Industry is beginning to recover from the severe slump of the early sixties, but there still is idle capacity, wasted manpower, and technical inadequacies.

1. Peiping has given top priority to developing a modern weapons industry. However, a few select non-military industries have been favored.
2. China is approaching self-sufficiency in petroleum products. The present level of consumption is low, however.

~~SECRET~~

SECRET

25X1

3. Civilian industry now is producing at about the level achieved in 1957-1958.

(CHART, Chinese Foreign Trade)

- IX. The total foreign trade volume of Communist China increased slightly in 1964 to an estimated \$3 billion, still well below its 1959 peak of \$4.2 billion.
 - A. Analysis of the direction of trade is more interesting than the total volume. Trade between Peiping and the Free World, as you can see from the bottom segment of the bars, rose significantly to \$1.8 or \$1.9 billion.
 1. Much of this was due to the heavy import of grain from western suppliers.
 2. Growing Chinese orders for industrial plants--more than \$100 million worth since mid-1963--also helped to increase trade with the Free World.
 3. You can see that in 1963 and 1964, for the first time, Peiping traded more with the Free World than with the Communist countries.

SECRET

- B. Sino-Soviet trade dropped again in 1964 to about one quarter of the 1959 peak--probably less than \$500 million in 1964.
1. The Chinese Communists have announced that a favorable balance in their 1964 trade with the Soviet Union has eliminated their debt to the USSR.
- C. Peiping's trade with other Communist countries remained relatively steady in 1964 at about \$600 million.

THE INTERNAL SITUATION

- X. The stagnation in the general economic situation has been the cause of widespread political disaffection in China.
- A. China's peasants are sullen and apathetic. Those living in the cities seem to be better off than the peasants, but unemployment is a serious problem.
- B. Young people are disappointed at the lack of job and study opportunities.
- C. Discontent, however, has not reached a point which would pose a serious problem for the security forces. At present the population

SECRET

25X1

sees no hope or alternative, and is thus too apathetic to engage in anything like a mass uprising.

1. The leaders in Peiping are seriously concerned about this apathy, but their solution, typically, is not to increase incentives but to pile on ever heavier doses of political indoctrination in a new and harsher "socialist education" campaign.

XI. Part of the reason for this campaign is that China's inflexible revolutionary leaders are now growing old, and they do not trust the younger generation. Mao Tse-tung is 71, and the average age of members of the Politburo--the party's elite ruling body--is 66. Despite the inroads of death and illness in the Politburo, no new members have been brought in for years.

- A. Thus little change in attitudes is expected when Mao goes. Second-echelon leaders seem to be just as dedicated to Communism, just as ruthless, and just as hostile to the US as their superiors.

SECRET

SECRET

25X1

- B. The line of succession runs from Mao to extremists like Liu Shao-chi and Teng Hsiao-Ping, rather than to comparatively moderate men like Chou En-lai. Liu is now chief of state and Mao's deputy in the party. Teng is the party's secretary general.
- C. Attitudes of the next generation may be softer, but it will be many years before this group occupies the top position.

THE SINO-SOVIET DISPUTE

- XII. There is no evidence to suggest that basic differences between Moscow and Peiping have become any more tractable as a result either of Khrushchev's ouster or of the talks held in Moscow during November between the Soviet leaders and Chou En-lai.
- A. The first public pronouncements by the Soviet leaders after these events served notice to the Chinese that they should have no illusions that the USSR has abandoned or will compromise the "principled" positions it has long defended against Peiping's assaults.

SECRET

~~SECRET~~

25X1

- B. The Chinese, in turn, have publicly declared that the future course of Sino-Soviet relations depends on the willingness of the new Soviet leaders to abandon Khrushchev's erroneous policies.
- C. There have been some slight shifts in tactics, however.
1. The new leadership in Moscow moved to postpone a threatening confrontation by putting off until March first a preparatory meeting of Communist parties scheduled for mid-December and attacked by Peiping as illegal.
 2. Both sides have muted the direct polemical attacks that were featured in their press before Khrushchev's downfall.
- D. Irreconcilable differences between the two great powers are bound to result in a resumption of the bitter name-calling.
1. Competition for influence--especially marked in international front organizations, in Africa, and in Indonesia--has never stopped.

~~SECRET~~

~~SECRET~~

25X1

2. The Chinese have again begun to repeat in their own information media some of the articles and broadcasts attacking the Soviet Union which originate in other Communist parties siding with the Chinese. This indirect criticism is usually the forerunner of new bitter assaults by the Chinese themselves.
3. One recent Albanian editorial was almost as virulent about the new Kremlin leaders as the former attacks on Khrushchev.

~~SECRET~~

25X1

Approved For Release 2005/03/24 : CIA-RDP82R00025R000400220020-6

Next 1 Page(s) In Document Exempt

Approved For Release 2005/03/24 : CIA-RDP82R00025R000400220020-6